



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

UNDER SECRETARY

January 31, 2007

The Honorable Tom Coburn, MD
Ranking Member
Subcommittee on Federal Financial Management,
Government Information, and International Security
Committee on Homeland Security and Governmental Affairs
United States Senate
Washington, DC 20510

Dear Senator Coburn:

On behalf of Secretary Paulson, I appreciate your continued attention to the threat that malaria poses in Sub-Saharan Africa.

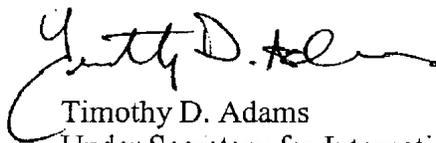
As I emphasized in my previous letter to you, malaria is a grave medical problem with serious human and economic consequences. Solutions are within reach and must be delivered quickly, safely, and effectively. The World Bank, an important source of financing for malaria control, must support programs that are technically sound and account for assistance and performance in a transparent manner. Treasury officials have raised your concerns with Bank staff, and stressed the importance of the Bank's increasing the transparency of its operations and accounting for its effectiveness, not only by measuring financial flows but also by assessing their impact on the ground.

World Bank President Wolfowitz recognizes that more needs to be done to address this challenge. Bank staff has strengthened the design and implementation of its malaria projects, increasing the number of personnel dedicated to its malaria program and expanding its outreach to others working in the field, including the private sector. Importantly, the Bank is working with other donors and technical agencies to develop a common indicator-based monitoring matrix, with output and outcome indicators and stepped-up surveillance, to more consistently track results and identify areas where more progress is needed. An example of the Bank's results framework for malaria control can be found in the staff appraisal report for a Bank-financed project in Benin, which I am enclosing for your review. Bank staff has assured us that Bank projects meet WHO policy and technical guidelines for the control and treatment of malaria, including with respect to the use of DDT.

01/31/2007 5:26PM

Enclosed are written responses to your questions, to supplement the oral responses that Treasury staff provided to Katy French and Anna Shopen in their meeting of August 24, 2006. As mentioned at that meeting, we are seeking an independent evaluation of the Bank's malaria program to help determine not only the effectiveness of Bank malaria programs, but also the extent to which assurances by Bank staff have been carried out. Let me assure you that Treasury places the highest importance in ensuring that the Bank meets its commitments and delivers assistance effectively and transparently.

Sincerely,



Timothy D. Adams
Under Secretary for International Affairs

Enclosures: Responses to Questions on World Bank Malaria Control Program
Benin - Malaria Control Support Project (Staff Appraisal Report)

Responses to Questions on World Bank Support for Malaria Control

Question 1: Please describe the method Treasury employs to ensure that the World Bank appropriately uses U.S. contributions, the systems in place to monitor U.S. contributions, and detail what regular reports and other means of transparency are required by Treasury of the Bank.

Treasury monitors World Bank performance closely through a number of avenues, including through our role in the Board and Board committees and our review of key reports, such as the report on Status of Projects in Execution, the annual report on development effectiveness, and independent evaluations of Bank projects and programs, including the annual report on evaluation findings. These reports available are to the public on the Bank's website, as are specific project-related documents. Also available through the website are details on Bank financing by country, including loans, credits, and grants, disbursements and repayments, types of financial instruments, and lending by sector, providing a one-stop shop for project-related information. The link is: <http://web.worldbank.org/WBSITE/EXTERNAL/PROJECTS/0,,menuPK:64383817~pagePK:64387457~piPK:64387543~theSitePK:40941.00.html>

Treasury works to set high standards for the multilateral development banks (MDBs) in their operational policies and procedures and in the agreements underpinning replenishments and any increases of the general capital stock. We assess implementation of policies and agreements in mid-term reviews of replenishments, generally 2-3 years following their adoption.

Treasury reviews all proposed MDB projects – roughly 1200 per year – for their economic, social, and environmental impact and the quality of their fiduciary arrangements. The United States has been a leader in the MDBs in promoting results-based frameworks. All MDB loans now contain results matrices. While these are not perfect, there has been a steady improvement in the quality of the indicators and the systems to gather baseline data and monitor results, such as in the enclosed staff appraisal report for a malaria control project in Benin. We also work to promote adequate fiduciary standards and capacity within the MDBs and the borrowing countries to apply these standards.

Question 2: Please detail how Treasury has responded to the allegations that the World Bank malaria programs are engaging in medical malpractice and other improprieties with U.S. funds, and what efforts Treasury has made to rectify the problem.

Recognizing the critical importance of fighting malaria, Treasury and the office of the U.S. Executive Director have met several times with World Bank staff to discuss the concerns raised by critics. Bank management and staff have acknowledged that they have made mistakes in their previous efforts and say that they are taking steps to correct them. The Bank has stated publicly that it has made Africa a particular priority. In 2005, after assessing past efforts, the Bank launched a new strategy under the *World Bank Global Strategy and Booster Program for Malaria Control in Africa*. The Bank informed

us that it has increased the number of trained staff to fight malaria, and now has 13 dedicated project teams in priority countries and a central resource group to support program preparation, implementation, monitoring and evaluation.

Treasury has stressed that Bank support for countries' anti-malaria efforts must be results-oriented, with strong fiduciary controls and tangible indicators to measure and monitor near and long term impacts. We have called on the Bank to strengthen its reporting and tracking of Bank funds committed to and disbursed for malaria in ongoing and future projects and programs. As Treasury staff indicated to Ms. French and Ms. Shopen in our meeting last August, we are seeking an independent evaluation of the Bank's work on malaria control.

Question 3: Taking as a starting point the 1998 launch of the Roll Back Malaria Campaign by the Bank, what amount of financing, broken down by country and year, has the Bank committed and disbursed to malaria control since that date?

Below is a table provided by the Bank showing projects approved and in the pipeline under the first year of the *Booster Program*. Treasury has asked the Bank for an update of the *Booster Program*, as well the breakdown, by country, of assistance between 1998 and the start of the *Booster Program*.

CURRENT INDICATIVE IDA ALLOCATIONS¹ FOR THE INTENSIVE PHASE OF THE BOOSTER PROGRAM FOR MALARIA CONTROL IN AFRICA (FY06-FY08²)
(data as of July 2006)

Board Approved	Amount (US\$)	Board Dates
Approved		
Eritrea	2 million	June 2005 (Active)
DRC	30 million (Grant)	August 2005 (Active)
Zambia	20 million	November 2005 (Active)
Niger	10 million	January 2005 (Active)
Burkina Faso	12 million	April 2006 (Active)
Ethiopia	20 million (Grant)	May 2006 (Active)
Benin	31 million (Grant)	June 2006 (Active)
Senegal River Basin (Regional)	42 million	June 2006 (Active)
Malawi	5 million (Grant)	July 2006
TOTAL COMMITMENTS	172 million	
Pipeline		
Senegal	5 million	October 2006
Nigeria	180 million	September 2006
Kenya	20 million	CDD* and Health SWAp**
South Sudan (MultiDonor TF)	30.5 million	TBD***
Mozambique	10 million	TBD
Ghana	10 million	TBD
TOTAL	427.5 million	

¹ Includes MultiDonor Trust Fund (MDTF) for Sudan

² Amounts subject to change as projects move forward in country context

* Community Driven Development Project

** Sector Wide Approach

*** To be determined

Question 4: Broken down by country, what is the amount of Bank money that has been used to procure specific interventions such as medicines (specify which medicine), insecticide treated bednets, insecticidal sprays and applications equipment, etc.

We have not been able to obtain this level of detail in Bank procurement on malaria programs. Much Bank assistance for malaria before the *Booster Program* supported country efforts to build health system capacity generally, and was not linked to specific diseases. Other support for malaria was provided through debt reduction, social funds, and multi-sector projects. Moreover, Bank funds were sometimes blended with the recipient country's own money and funds from other donors, making it difficult to attribute Bank financing to specific activities and expenditures.

Question 5: What consultations have taken place between the Bank, the WHO and India with respect to the Bank's decision to finance and approve contracts for chloroquine there? What companies fulfilled those contracts with Bank funds?

The Bank says it has supported the Government of India's malaria control strategy based on technical guidance from WHO through projects such as the India Malaria Control Project that began in 1997 and was concluded in 2005. Experts from WHO headquarters in Geneva, as well as the WHO India office and South East Asia regional office, have frequently participated in World Bank review missions and consultations.

Following increasing instances of chloroquine-resistant falciparum cases, the Government of India, in keeping, we are told, with the WHO's 2003 recommendation, began administering ACT in areas where reported resistance/treatment failure exceeded 25%. The Malaria Control project helped facilitate this shift by financing some 0.7 million tablets of artemisinin and 57,500 doses of ACT. In addition, with the supply of 4.5 million bed nets, the project helped introduce Insecticide Treated Nets to India. Bank staff has provided your staff and Treasury with the following breakdown of the contracts for chloroquine purchased through International Competitive Bidding:

**Details of Chloroquine and Combi Blister Packs of Chloroquine and Primaquine
procured through ICB under Malaria Control Project [Cr 2964 IN]**

S. No.	Procurement Mode	IFBNo.	Item	Winning Firms	Quantity (in Million)	Value in US\$ Equivalent (in Million)
1	ICB	RITES/MSM/MCP /05/2003	Chloroquine Phosphate Tablets 250 mg	(a) Nestor Pharmaceuticals	(a) 326	(a) 1.2
				(b) Pure Pharma	(b) 174	(b) 0.63
2	ICB	RITES/MSM/MCP /05/2004	Chloroquine Phosphate Tablets 250 mg	(a) Fourrts India	(a) 29.6	(a) 0.10
				(b) Nestor Pharmaceuticals	(b) 159.9	(b) 0.55
				(c) Pure Pharma	(c) 110.5	(c) 0.38
3.	ICB	RITES/MSM/MCP /02/2004	Combi Blister Pack of 3x600 mg & 1x300 mg of Chloroquine & 1x45 mg of Primaquine	(a) Nestor Pharmaceuticals	(a) 10.35	(a) 0.62
				(b) Pure Pharma	(b) 2.65	(b) 0.27

Question 6: Given the support of other agencies for indoor residual spraying and DDT, including the UN, what has Treasury done to dissuade the Bank from insisting that Eritrea phase out DDT and forbidding its funds to be used to procure DDT?

The Bank claims that they have not obstructed or prevented the use of DDT, although projects approved prior to 2000 were more limited in its use given the then-existing WHO guidance. Staff tells us that the Integrated Vector Management Framework supported by WHO provides a useful approach that considers local vector epidemiology, insecticide resistance, and waste management schemes.

Bank staff argue that the World Bank did in fact finance DDT with IDA proceeds in its operations in Eritrea, HAMSET I (the Eritrea HIV/AIDS/STI, Malaria and TB Control Project).

Question 7: What standard operating procedures does Treasury have to monitor that the Bank's malaria control projects are scientifically correct and that they adhere to WHO technical guidelines?

Treasury does not have adequate resources including trained technical staff to assess the adequacy of medical interventions supported by the MDBs in the health sector. However we do insist that the Banks follow international standards as developed by the relevant technical agencies (such as WHO), and we have pushed for strong disclosure policies that allow outside experts and stakeholders to monitor and assess Bank projects during implementation and upon completion.

Question 8: Looking to the future and the goal of the Roll Bank Malaria campaign to halve malaria deaths and cases by 2010, what performance indicators is Treasury using to measure progress of the Bank in reducing malaria mortality and morbidity, including baseline measures and follow-up measures.

Treasury has encouraged the Bank to develop and use strong indicator-based results frameworks and adequate reporting systems. The Bank is working with other partners to develop a template for establishing baseline data and monitoring progress over time. Recent Bank-funded programs have included results-based frameworks and monitorable indicators. For example, the \$31 million grant approved in June 2006 for malaria control and treatment in Benin, referenced above and enclose for your review, contains quantitative objectives, measurable indicators, costed work plans, and a monitoring and evaluation system that involves external audits and regular progress reports.

One area of concern is that some recipient countries are reluctant to publicly release data about health-related findings. Even where such findings are released, the data may be unreliable or unavailable. We have told the Bank that they need to place highest priority on building data gathering and surveillance capacity, and that baseline data must be made available if sound sector planning is to take place.